

Market Conditions for Restaurants in Los Angeles -

Generall Recommendations and Comment on Robot-Run Cafes

Herbert Gerlitz
11/02/2021

Table of Contents

Aim: Find indicators of successful restaurants and give recommendations for establishments in general and especially for chained robot-run cafes in LA.

- Page 1: Information about the Data
- Page 2: General Conclusions
- Page 3: Proportions of Types of Establishments
- Page 4: Proportions of Chains and Non-Chains
- Page 5: Quotes of Chains and Non-Chains for all Restaurant Types
- Page 6: Characterization of Chains by Number of Seats and Establishments
- Page 7: Distribution of Seats for all Restaurant Types
- Page 8: Average number of seats for all Restaurant Types
- Page 9: Top 10 Streets in LA by Number of Establishments
- Page 10: Difference between Streets with Many and Less Establishments
- Page 11: General Recommendations for Restaurants in LA
- Page 12: Comment on Developing A Chain of Robot-Run Cafes in LA

Information about the Data

- There are 6 different types of restaurant establishments:

Restaurant | Fast Food | Cafe | Pizza | Bar | Bakery

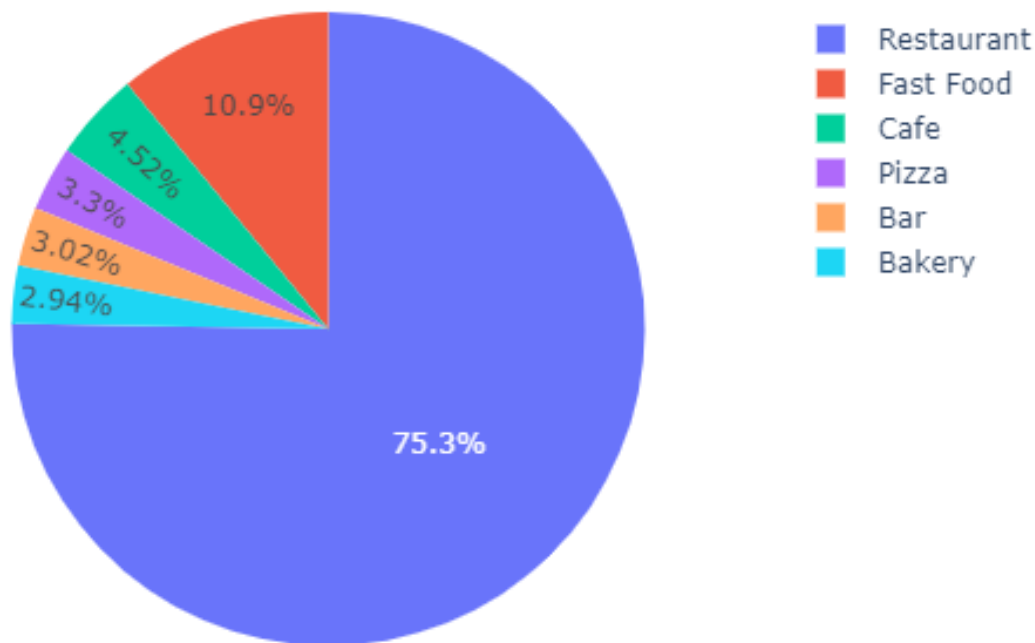
- Information given about the establishments in LA:
 - Name of establishment
 - Address of establishment
 - Whether the establishment is a chained or a non-chained one
 - Type of establishment
 - Number of seats
- Source: Open-Source data on restaurants in LA.

General Conclusions

- The most common type is the restaurant establishment with a share of 75%.
- The proportion of nonchains (59%) is significantly higher than the proportion of chains (41%).
- Bakeries are chains with a share of 100% whereas the smallest share of chains are given by bars (29%) and restaurants (34%).
- Chains are characterized of many establishments that have a small number of seats.
- In general, the most establishments (79%) do have 50 seats or less.
- With 29 seats, bar and restaurant typed establishments have the highest average number of seats.
- For streets with many establishments (at least 20) there are more establishments in the range of 5 to 50 seats compared to streets that have less establishments; in contrast, those streets show higher amounts of restaurants in the range of 1 to 5 seats.

The Biggest Part is Formed by the Type 'Restaurant'

Types of Establishments in LA - Proportions

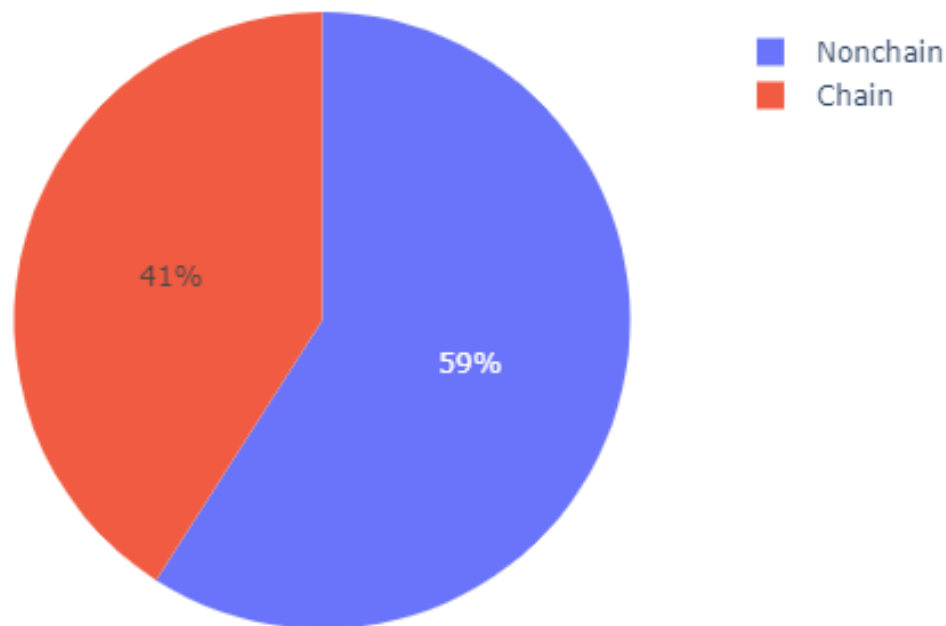


- In LA, three quarters of all establishments are from restaurant type.
- 11% is the second biggest share and is represented by fast food restaurants.
- The shares of all the other types (cafe, pizza, bar and bakery) are below 5%.
- That means cafes are rarely represented among the establishments.

Source: Open-Source Data on Restaurants in LA

There are More Nonchains than Chains in LA

Proportions of Chain and Nonchain Establishments in LA

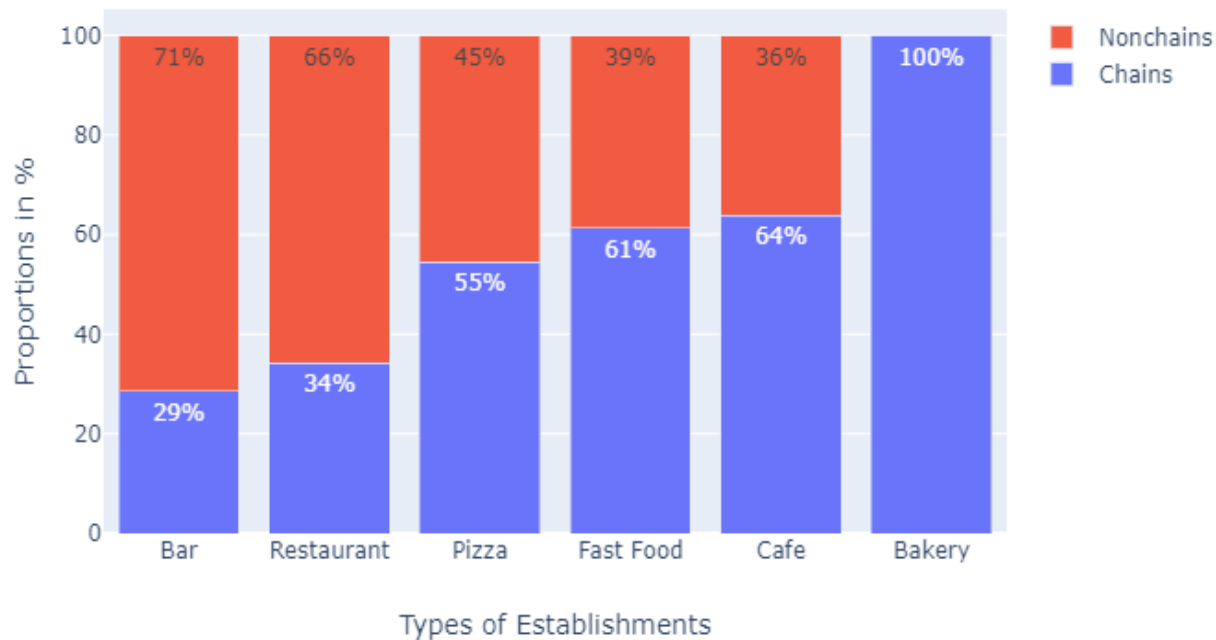


- From all establishments in LA, 41% of them are chains and 59% of them are nonchains.
- The proportion of nonchains is 18% higher than for chains, so the difference in the proportions is significant.

Source: Open-Source Data on Restaurants in LA

Bakery Establishments are Always Chains

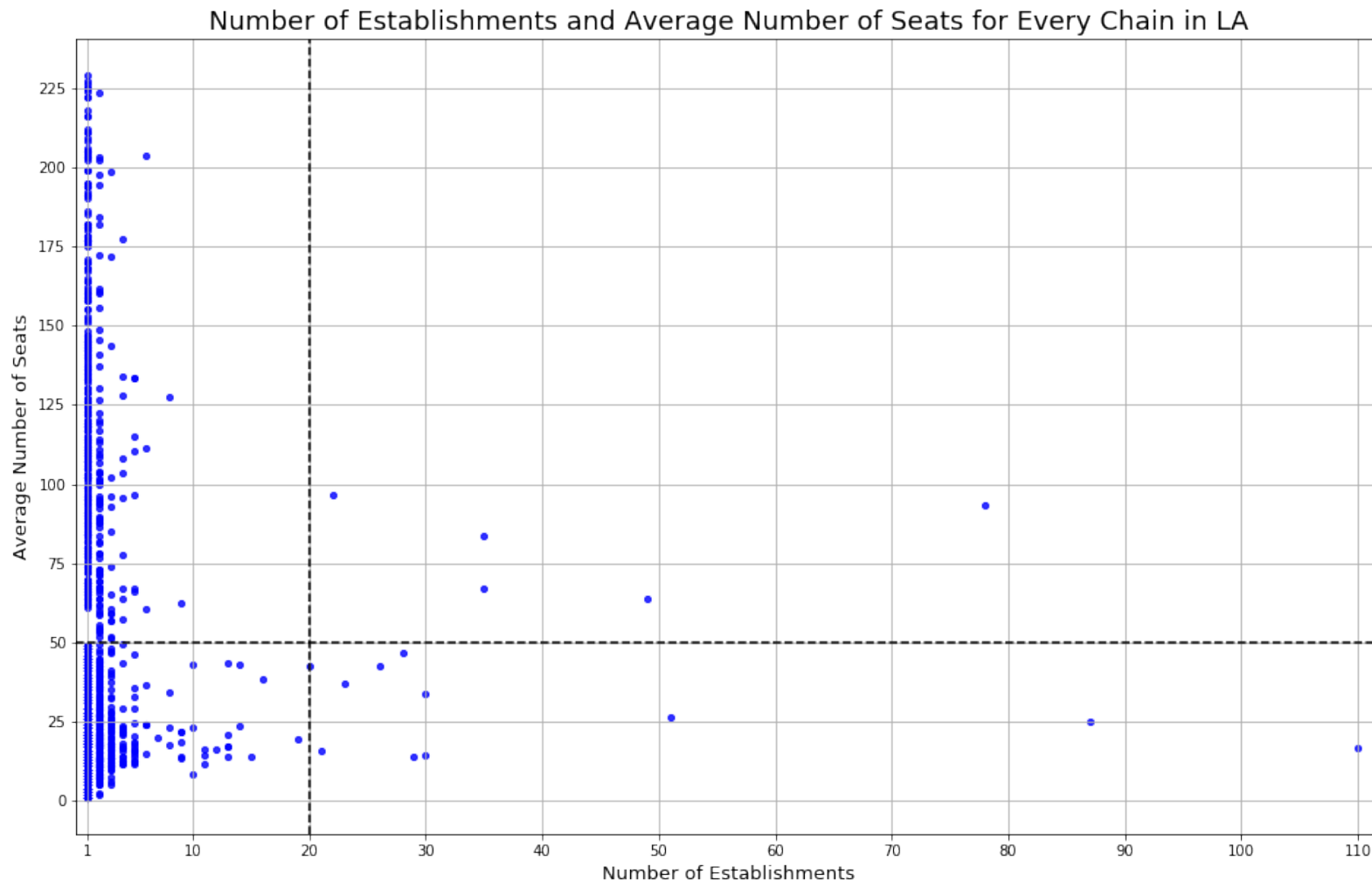
Proportions of Chained and Nonchained Establishments by Type in LA



- Comparing types there are huge differences in chain shares.
- The shares range between 29% for bars and 100% for bakeries.
- Over 280 bakeries listed and not a single nonchain bakery.
- Cafes represent the second most common type being a chain with a share of 64%.

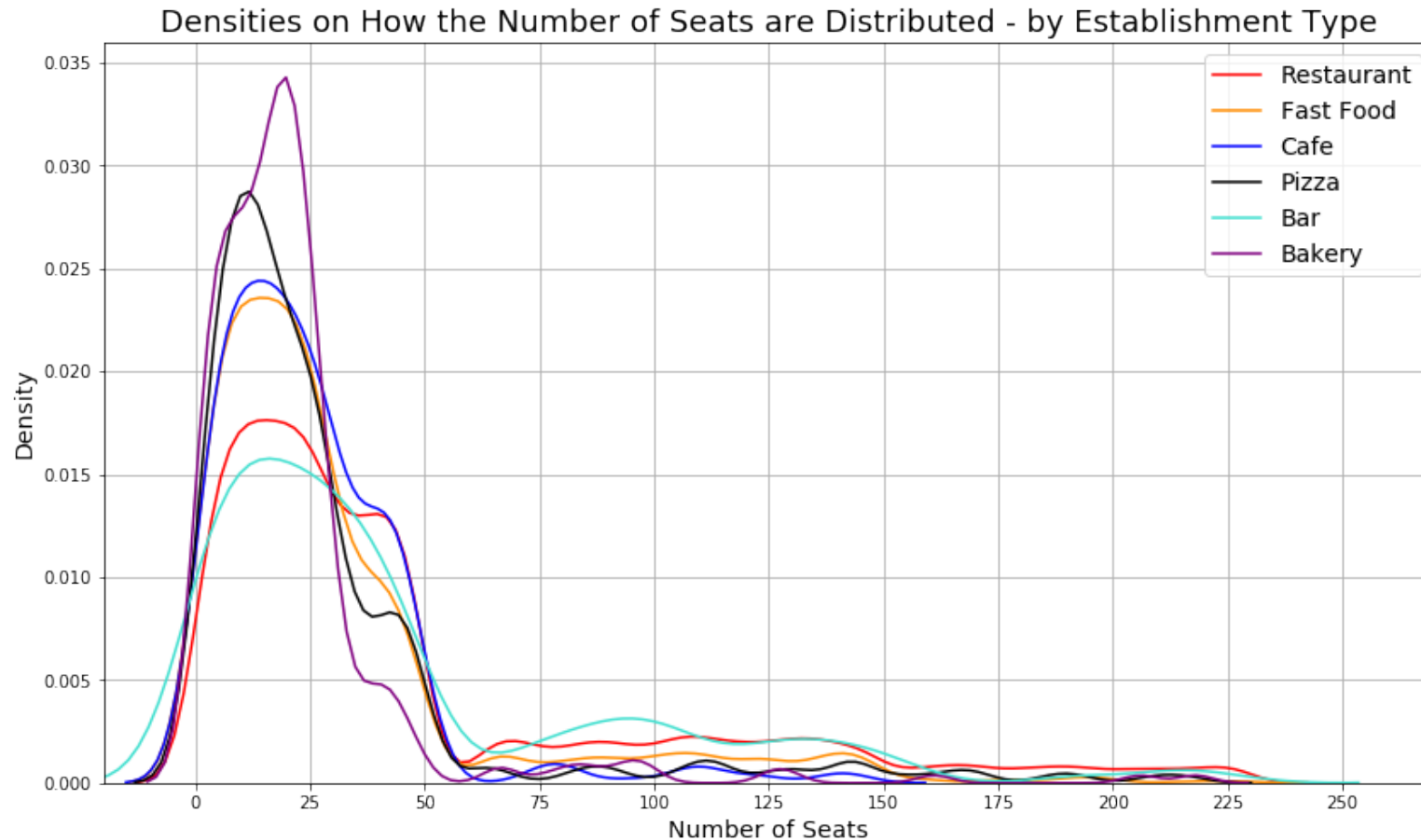
Source: Open-Source Data on Restaurants in LA

Chains are Characterized by Many Establishments with a small Number of Seats



- Chains with many establishments (at least 20) have fewer seats in average.
- Regardless from chain size the most chains have less than 50 seats in average.
- Successful chains have many establishments; most of them have few seats. 6 /12

The Large Part of Establishments have less than 50 seats

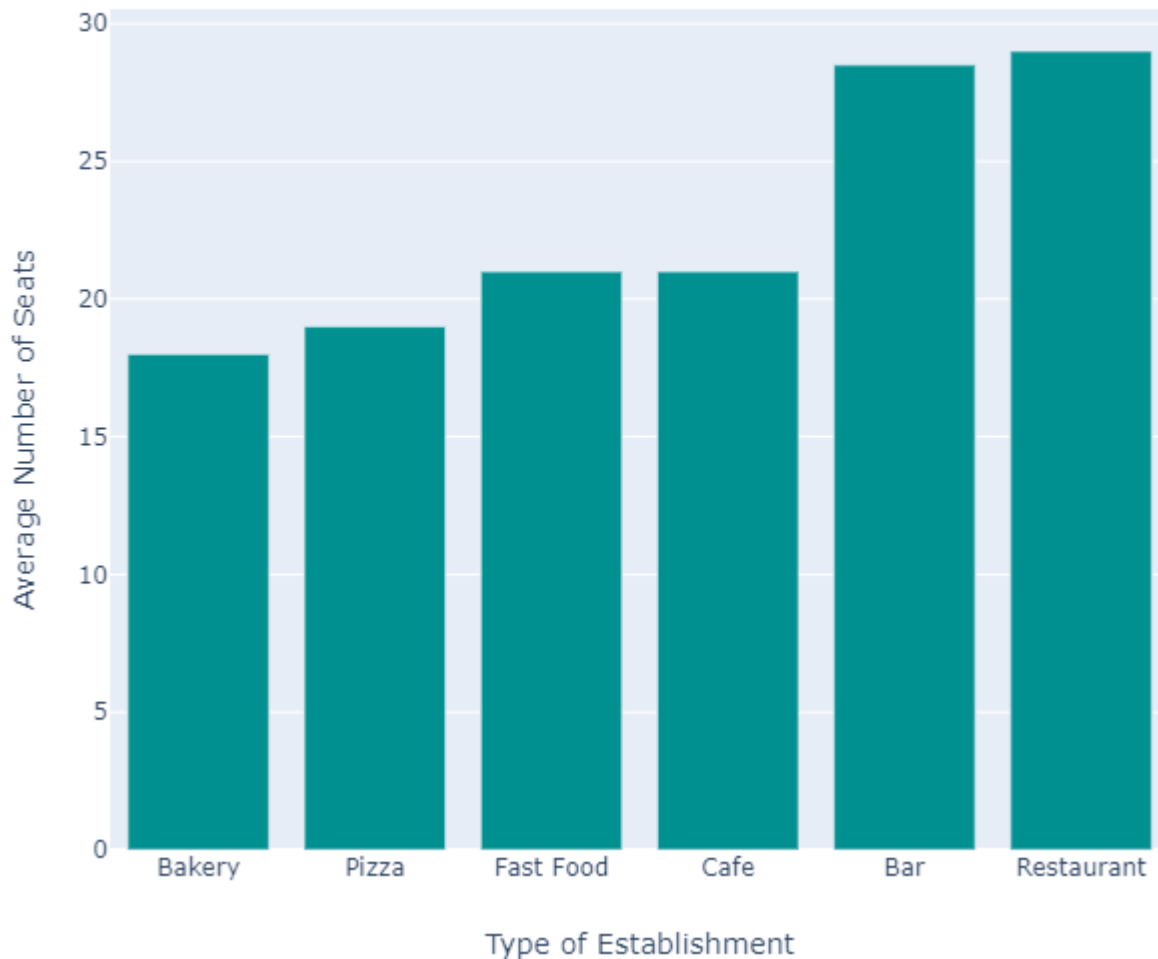


- In general, the large part of establishments (79%) have between 1 and 50 seats.
- The higher the chain share of a type the higher its density until 25 seats.
- Restaurants and Bars – both with small chain shares – have more broad densities.
- The large part of cafes has 1 to 50 seats, so they often have fewer seats.

Restaurant and Bar Establishments have the Highest Average Number of Seats

Source: Open-Source Data on
Restaurants in LA

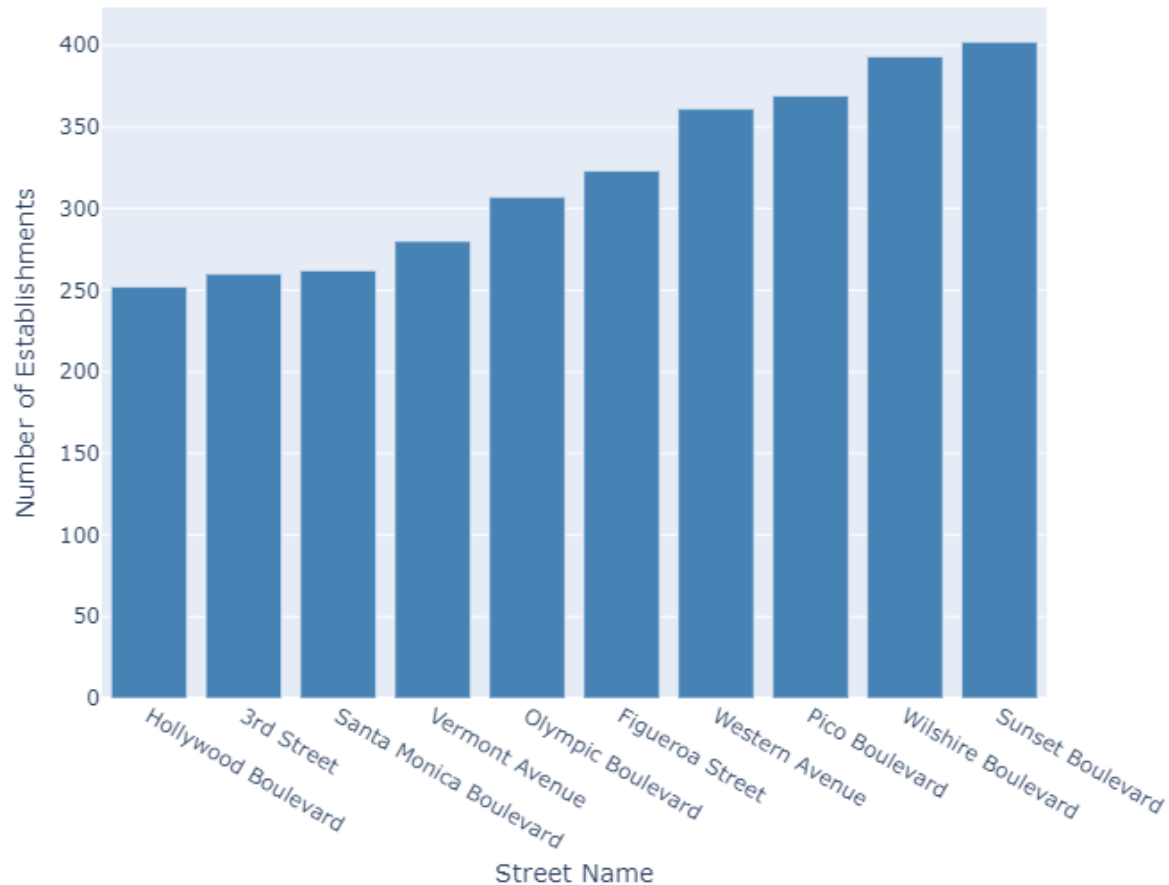
Average Number of Seats for different Types of Establishments in LA



- The range for average number of seats is between 18 for bakeries and 29 for restaurants.
- Bars and restaurants do have more broad distributions and the highest average number of seats.
- There's a tendency for higher average values for types with low chain shares.
- Cafes are in the middle range with 21 seats in average.

In LA, There are 10 Streets with over 250 Establishments

Top Ten Streets in LA by Number of Establishments



- The Sunset Boulevard is the street with the most establishments in LA - with 402 establishments.
- In LA there are 10 streets with over 250 establishments.
- In LA there are 584 streets with at least one establishment; 49% of them do have exactly one.

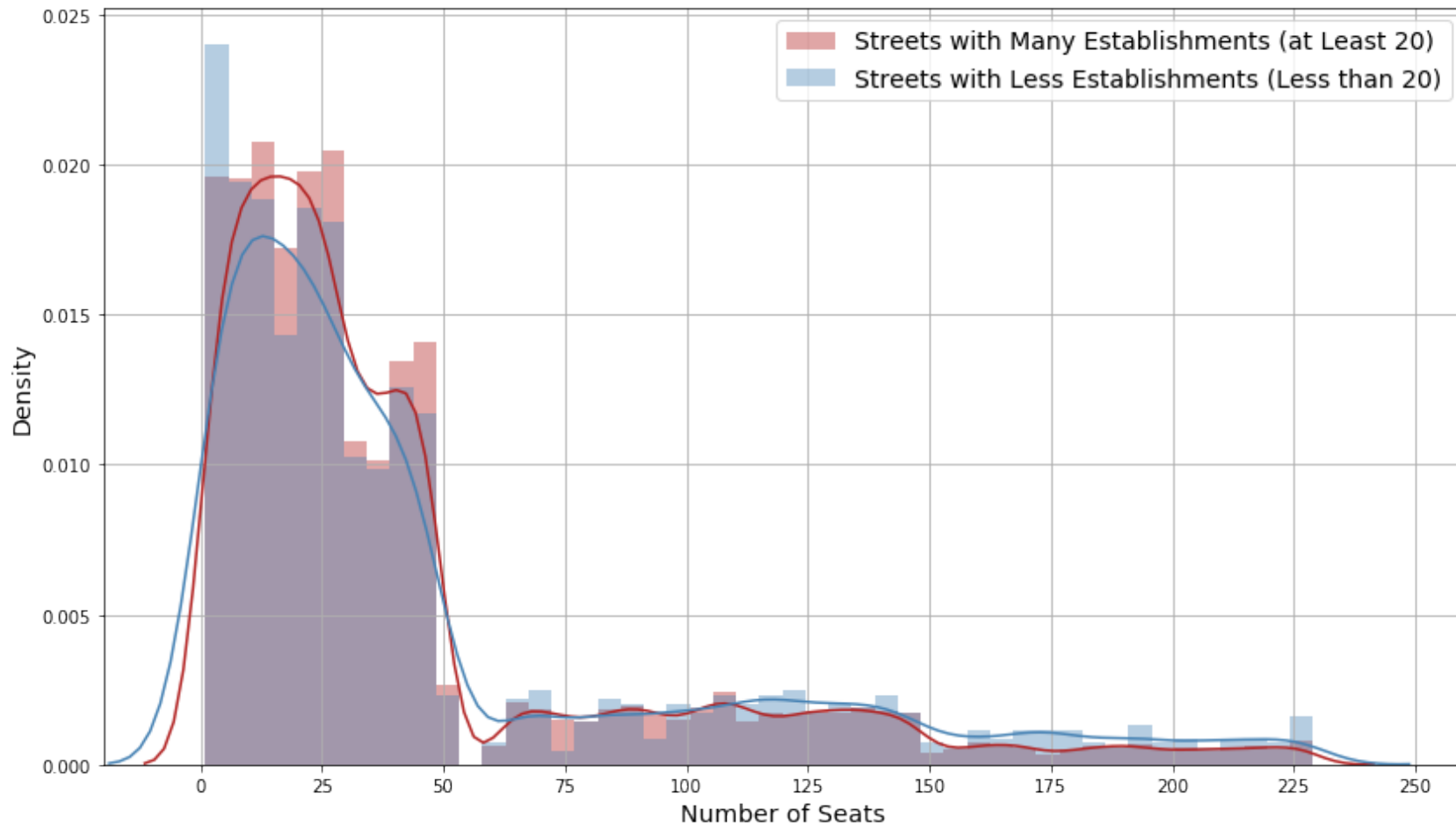
Source: Open-Source Data on Restaurants in LA

Streets with Many Establishments Dominate the Proportion with up to 50 Seats

Densities and Histograms on How the Number of Seats are Distributed

Streets with at Least 20 Establishments Compared to Streets with Less than 20 Establishments

Source: Open-Source Data on Restaurants in LA



- The density graphs show a higher density for streets with many establishments (at least 20) in the range of 1 to 50 seats.
- The Histograms show that the small range between 1 and 5 seats is dominated by streets with fewer establishments (less than 20).

General Recommendations

- If one establishes a chain then it's recommended to plan many establishments with a small number of seats.
- One should consider that establishments with more than 50 seats are more likely rare; in general, establishments with less than 50 seats are recommended.
- If the street has many establishments (at least 20) then one should prefer to choose a location that has between 5 and 50 seats.
- In case the concept of the establishment allows it: For streets with fewer establishments (less than 20) it's recommended to consider small locations with 1 to 5 seats; likely with a focus on to-go services.
- For cafes it's recommended to consider a cafe chain with many small establishments.

Comment on Developing A Chain of Robot-Run Cafes

- The idea of small robot-run cafes sounds new and creates excitement.
- Usually, successful cafes are often chains with many small establishments. That means the chosen type given from the idea fits with the chosen size (small number of seats)
- With the help of good marketing these cafes can become popular and so the basis for developing a cafe chain is given; the more establishments the chain has the more the robots pay off.